

**Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2010**

Listed company name: **DAIICHI SANKYO COMPANY, LIMITED**

Listed exchanges: Tokyo, Osaka, and Nagoya

Stock code number: 4568

URL: <http://www.daiichisankyo.com>

Representative: Mr. Takashi Shoda, President and Representative Director

Contact: Mr. Toshiaki Sai, General Manager, Corporate Communications

Telephone: +81-3-6225-1126

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(All amounts have been rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Third Quarter of Fiscal Year 2009

(from April 1, 2009 to December 31, 2009)

(1) Consolidated Financial Results (cumulative)

(Percentages indicate changes over the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First nine months of fiscal 2009	725,662	15.6	90,061	(8.2)	90,643	(2.7)
First nine months of fiscal 2008	627,620	-	98,053	-	93,184	-

	Net income		Basic net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
First nine months of fiscal 2009	39,244	-	55.75	55.72
First nine months of fiscal 2008	(297,830)	-	(419.59)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2009	1,433,661	877,162	59.4	1,209.27
As of March 31, 2009	1,494,599	888,617	57.7	1,226.04

Reference: Equity As of December 31, 2009: 851,240 million yen As of March 31, 2009: 863,050 million yen

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2008	-	40.00	-	40.00	80.00
Fiscal 2009	-	30.00	-	-	-
Fiscal 2009 (Forecast)	-	-	-	30.00	60.00

Note: Revision of the forecast in the third quarter of fiscal 2009: No

3. Forecasts of Consolidated Results for Fiscal Year 2009 (from April 1, 2009 to March 31, 2010)

(Percent changes indicate changes from in the prior fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	960,000	14.0	96,000	8.0	100,000	81.3	45,000	-	63.93

Note: Revision of the forecasts in the third quarter of fiscal 2009: Yes

4. Others

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in a change in scope of consolidation): No
- (2) Application of simplified accounting methods as well as specific accounting methods for preparing the quarterly consolidated financial statements: Yes

Note: Please see 4. *Other Matters, Qualitative Information / Financial Statements, etc.* on page 5 for further details.

- (3) Changes in accounting principles, procedures, or methods of presentation related to the preparation of the quarterly consolidated financial statements
 - a. Changes due to revisions to accounting standards: No
 - b. Changes due to other reasons: No
- (4) Number of common shares issued

- a. Total number of shares issued at the end of the period (including treasury stock)

As of December 31, 2009: 709,011,343 shares

As of March 31, 2009: 709,011,343 shares

- b. Number of shares in treasury at the end of the period

As of December 31, 2009: 5,081,106 shares

As of March 31, 2009: 5,074,868 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2009: 703,933,725 shares

Nine months ended December 31, 2008: 709,807,999 shares

*Disclaimer regarding forward-looking information including appropriate use of forecasted financial results

The forecasted statement shown in these materials are based on information currently available and certain assumptions that the Company regards as reasonable. Actual performance and other results may differ materially from these forecasted figures due to various factors.

Please see 3. *Qualitative Information about Forecasts of Consolidated Results for Fiscal 2009, Qualitative Information / Financial Statements, etc.* on page 4 for assumption that the above forecasts were based on and related matters.

Qualitative Information / Financial Statements, etc.

1. Qualitative Information about Consolidated Operating Results

For the nine months ended December 31, 2009, consolidated net sales of Daiichi Sankyo amounted to ¥725.6 billion (up 15.6% year on year).

Despite the appreciated Japanese yen compared with the same period last year, the Group's revenue increased by a contribution of ¥102.1 billion from the net sales of Ranbaxy Laboratories Limited ("Ranbaxy"), which was consolidated as a subsidiary in November 2008.

In terms of profitability, operating income was ¥90.0 billion (down 8.2% year on year) as the Company proactively invested in research and development. Ordinary income was ¥90.6 billion (down 2.7% year on year). Net income was ¥39.2 billion (compared to a net loss of ¥297.8 billion year on year) which reflected cases including non-application for R&D tax credit and income tax amendments related to the previous fiscal year.

Information by Geographic Segment

a. Japan

Net sales in Japan amounted to ¥410.2 billion (down 1.6% year on year).

Net sales in the prescription drug business amounted to ¥333.9 billion (up 1.8% year on year). A contributing factor was the growth in sales of the antihypertensive *Olmotec*[®] and the anti-inflammatory analgesic *Loxonin*[®] brand.

Royalty income and exports to overseas licensees generated net sales of ¥38.0 billion (down 20.6% year on year), due in part to the effect of Japanese yen appreciation and the decrease in exports of levofloxacin, a synthetic antibacterial agent, resulting from inventory adjustments by licensees, among other factors.

Net sales of healthcare (OTC) products amounted to ¥35.0 billion (down 5.6% year on year). This drop reflected the decrease in sales of *Gaster 10*[®] and other Category 1 OTC drugs following the temporary confusion on the OTC market after the enforcement of the revised Pharmaceutical Affairs Law.

b. North America

Net sales in North America were ¥161.8 billion (up 14.1% year on year).

Although the shift toward a stronger yen negatively affected the net sales in the region, continued expansion in local currency terms of key products including the antihypertensive agents *Benicar*[®] and *AZOR*[®], and the antihyperlipidemic / type 2 diabetes treatment *Welchol*[®], along with the sales contribution of Ranbaxy.

c. Europe

Net sales in European regions amounted to ¥71.7 billion (up 38.9% year on year) due in part to the contribution of the net sales of Ranbaxy, and the growth in sales of antihypertensive agents *Olmetec*[®] and *Sevikar*[®].

d. India

Net sales in India amounted to ¥44.8 billion due in part to the net sales of Ranbaxy.

e. Other regions

Net sales in other regions amounted to ¥36.9 billion (up 118.3% year on year) due in part to the sales contribution of Ranbaxy.

2. Qualitative Information about Consolidated Financial Position

At the end of the period under review, net assets were ¥877.1 billion (down ¥11.4 billion compared with the previous fiscal year-end), total assets stood at ¥1,433.6 billion (down ¥60.9 billion compared with the previous fiscal year-end), and the equity ratio was 59.4% (57.7% for the previous fiscal year-end).

The decrease in net assets was as a result of the payments of previous fiscal year-end and interim dividends and the inclusion of the Group's net income.

With respect to total assets, in addition to the decrease in net assets, efforts were made to reduce overall interest-bearing debt and, at the same time, in an effort to shift to a stable, long-term capital procurement, bonds were issued and a switch was made to long-term loans. Also, in the recording of income taxes there was a withdrawal of deferred tax assets.

3. Qualitative Information about Forecasts of Consolidated Results for Fiscal 2009

The differences from the forecasts of consolidated results for FY2009 publicly announced on October 30, 2009 are shown below.

(Annual basis)

	Net sales	Operating income	Ordinary income	Net income)	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	960,000	96,000	69,000	40,000	56.82
Revised forecasts (B)	960,000	96,000	100,000	45,000	63.93
Change (B-A)	–	–	31,000	5,000	–
Percentage of change (%)	–	–	44.9	12.5	–
(Reference) Results of previous fiscal year (FY2008)	842,147	88,870	55,168	(215,499)	(304.22)

Reasons for amendment

Despite a harsh earnings environment in which drug price revisions to be implemented are leaving domestic market trends uncertain and the yen is appreciating ever more on foreign exchange markets, among others, the Company expects overseas subsidiaries to contribute to sales and earnings, therefore, no changes have been made to previously released net sales and operating income forecasts.

For non-operating income, regarding the gain/loss on valuation of derivatives for Ranbaxy, the valuation loss recorded during the first quarter for that company (January to March 2009) was previously factored into full-year forecasts, however, a calculation made based on the foreign exchange rate at the end of December 2009, that company's fiscal year-end, led to expectations that the loss would turn to a gain due to a change in the exchange rate for the Indian rupee vis-a-vis the US dollar. Therefore, considering other factors as well, the ordinary income and net income forecasts have been revised upwards.

4. Other Matters

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in scope of consolidation)

There are no relevant matters to report.

- (2) Application of simplified accounting methods as well as specific accounting methods for preparing the quarterly consolidated financial statements

(Simplified accounting methods)

a. Method for valuating inventories

Total inventories as of the end of the quarter are calculated using a rational method based on total physical inventories for the previous fiscal year omitting physical inventories.

b. Method for calculating depreciation of non-current assets

Depreciation expenses for assets that are depreciated using the declining-balance method are calculated by proportionally dividing the annual depreciation expenses.

c. Method for calculating income taxes, deferred tax assets and deferred tax liabilities

Concerning judgments on the possibility of collection of deferred tax assets, when it is recognized that there are no remarkable changes either to the management environment or similar since the end of the previous fiscal year or to circumstances such as temporary differences or other, the method uses forecasts of future earnings results or tax planning based on the previous fiscal year.

However if it is recognized that there are remarkable changes either to the management environment or similar since the end of the previous fiscal year or to circumstances such as temporary differences or other, then the method uses forecasts of future earnings results or tax planning based on the previous fiscal year but adjusted to reflect this remarkable change.

(Specific accounting methods for preparing the quarterly consolidated financial statements)

Taxes are computed first by reasonably estimating the effective tax rate after applying tax effect accounting against income before income taxes and minority interests for the fiscal year including the third quarter under review, and next by multiplying the quarterly net income before income taxes and minority interests by such estimated effective tax rate.

Note that income taxes—deferred is included in income taxes.

- (3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements

There are no relevant matters to report.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2009	As of March 31, 2009 (Summary)
ASSETS		
Current assets		
Cash and time deposits	78,535	76,551
Trade notes and accounts receivable	230,529	195,512
Marketable securities	208,053	235,475
Merchandise and finished goods	93,472	93,502
Work in process	15,369	14,496
Raw materials and supplies	33,494	31,477
Deferred tax assets	57,795	76,747
Other current assets	41,129	60,761
Allowance for doubtful accounts	(1,140)	(1,018)
Total current assets	757,239	783,506
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	128,613	132,732
Machinery, equipment and vehicles, net	44,496	46,038
Land	42,528	42,358
Construction in progress	19,412	13,315
Other, net	13,958	15,669
Total property, plant and equipment	249,009	250,113
Intangible assets		
Goodwill	85,536	77,380
Other intangible assets	103,814	115,180
Total intangible assets	189,350	192,560
Investments and other assets		
Investment securities	140,232	153,727
Long-term loans	188	614
Prepaid pension costs	4,740	6,920
Deferred tax assets	76,960	91,600
Other assets	16,244	15,864
Allowance for doubtful accounts	(304)	(309)
Total investments and other assets	238,062	268,418
Total non-current assets	676,422	711,093
Total assets	1,433,661	1,494,599

(Millions of yen)

	As of December 31, 2009	As of March 31, 2009 (Summary)
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	63,376	59,419
Short-term bank loans	19,435	264,345
Income taxes payable	4,442	8,243
Allowance for sales returns	794	589
Allowance for sales rebates	1,976	2,666
Other current liabilities	163,014	173,271
Total current liabilities	253,039	508,535
Non-current liabilities		
Bonds payable	100,000	–
Convertible bond-type bonds with subscription rights to shares	47,646	47,082
Long-term debt	120,871	15,852
Deferred tax liabilities	5,329	5,427
Accrued employees' severance and retirement benefits	11,536	10,589
Accrued directors' severance and retirement benefits	166	177
Provision for environmental measures	–	92
Other non-current liabilities	17,909	18,224
Total non-current liabilities	303,458	97,447
Total liabilities	556,498	605,982
NET ASSETS		
Shareholders' equity		
Common stock	50,000	50,000
Capital surplus	105,194	105,194
Retained earnings	743,785	753,820
Treasury stock at cost	(14,560)	(14,555)
Total shareholders' equity	884,419	894,459
Valuation and translation adjustments		
Net unrealized gain on investment securities	24,377	19,882
Deferred gains or losses on hedges	983	76
Foreign currency translation adjustments	(58,538)	(51,367)
Total valuation and translation adjustments	(33,178)	(31,408)
Subscription rights to shares	3,039	2,390
Minority interests	22,882	23,175
Total net assets	877,162	888,617
Total liabilities and net assets	1,433,661	1,494,599

(2) Consolidated Statements of Income

(Millions of yen)

	First nine months of fiscal 2008 (From April 1, 2008 to December 31, 2008)	First nine months of fiscal 2009 (From April 1, 2009 to December 31, 2009)
Net sales	627,620	725,662
Cost of sales	150,783	212,663
Gross profit	476,837	512,998
Selling, general and administrative expenses		
Advertising and promotional expenses	79,728	78,183
Salaries and bonuses	68,225	82,429
Severance and retirement costs	5,007	8,036
Research and development expenses	129,162	141,703
Other	96,660	112,583
Total selling, general and administrative expenses	378,783	422,937
Operating income	98,053	90,061
Non-operating income		
Interest income	4,225	3,382
Dividend income	3,005	2,355
Gain on valuation of derivatives	–	10,461
Other income	1,926	2,880
Total non-operating income	9,158	19,080
Non-operating expenses		
Interest expense	403	4,686
Foreign exchange losses	6,697	10,715
Equity in net losses of affiliated companies	270	119
Loss on valuation of derivatives	3,175	–
Other expenses	3,481	2,976
Total non-operating expenses	14,027	18,498
Ordinary income	93,184	90,643
Extraordinary income		
Gain on sales of non-current assets	1,227	1,923
Gain on sales of investment securities	0	1,844
Gain on sales of subsidiaries and affiliates' stocks	–	77
Gain on change in equity	–	1
Gain on liquidation of subsidiaries and affiliates	1,430	–
Reversal of allowance for doubtful accounts	6	–
Total extraordinary income	2,663	3,847

	First nine months of fiscal 2008 (From April 1, 2008 to December 31, 2008)	First nine months of fiscal 2009 (From April 1, 2009 to December 31, 2009)
Extraordinary losses		
Loss on disposal of non-current assets	2,142	734
Restructuring loss	–	1,783
Environmental expenses	–	622
Non-recurring depreciation on non-current assets	1,340	258
Loss on impairment of long-lived assets	2,201	123
Amortization of goodwill	354,015	–
Loss on valuation of investment securities	949	–
Provision for contingent losses	420	–
Provision for environmental measures	196	–
Loss on sales of investments in affiliates	15	–
Total extraordinary losses	361,282	3,522
Income (loss) before income taxes and minority interests	(265,434)	90,967
Income taxes	32,395	52,766
Minority interests in loss	–	(1,043)
Net income (loss)	(297,830)	39,244

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First nine months of fiscal 2008 (From April 1, 2008 to December 31, 2008)	First nine months of fiscal 2009 (From April 1, 2009 to December 31, 2009)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(265,434)	90,967
Depreciation	28,398	33,765
Loss on impairment of long-lived assets	2,201	123
Non-recurring depreciation on non-current assets	1,340	258
Amortization of goodwill	364,559	6,606
(Gain) loss on valuation of derivatives	–	(10,461)
Increase (decrease) in allowance for doubtful accounts	(69)	130
Increase (decrease) in accrued severance and retirement benefits	483	379
(Increase) decrease in prepaid pension costs	990	2,180
Interest and dividend income	(7,231)	(5,737)
Interest expense	403	4,686
(Gain) loss on sales of investment securities	–	(1,844)
(Gain) loss on sales and disposal of property, plant and equipment	915	(1,189)
Equity in net (income) losses of affiliated companies	270	119
(Increase) decrease in trade notes and accounts receivable	(40,024)	(35,223)
(Increase) decrease in inventories	(2,092)	(3,985)
Increase (decrease) in trade notes and accounts payable	4,409	3,974
Increase (decrease) in accounts payable and accrued expenses	(16,148)	(7,250)
Other, net	(1,631)	25,474
Subtotal	71,340	102,975
Interest and dividends received	7,595	6,753
Interest paid	(343)	(3,549)
Income taxes paid	(51,521)	(25,413)
Net cash provided by operating activities	27,071	80,765

(Millions of yen)

	First nine months of fiscal 2008 (From April 1, 2008 to December 31, 2008)	First nine months of fiscal 2009 (From April 1, 2009 to December 31, 2009)
Cash flows from investing activities		
Purchases of time deposits	(3,064)	(19,753)
Proceeds from maturities in time deposits	2,758	30,618
Purchases of marketable securities	(101,437)	(26,100)
Proceeds from sales of marketable securities	140,960	115,967
Acquisitions of property, plant and equipment	(12,337)	(19,825)
Proceeds from sales of property, plant and equipment	1,853	1,295
Acquisitions of intangible assets	(19,722)	(1,138)
Acquisitions of investment securities	(11,017)	(6,881)
Proceeds from sales of investment securities	7	6,391
Acquisition of investments in subsidiaries	–	(1,498)
Purchases of investments in subsidiaries resulting in change in scope of consolidation	(408,411)	(16,335)
Payments for loans receivable	(303)	(470)
Proceeds from collection of loans receivable	731	189
Other, net	14,151	372
Net cash provided by (used in) in investing activities	(395,831)	62,829
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	239,941	(246,430)
Proceeds from long-term debt	–	111,231
Repayments of long-term debt	–	(4,271)
Proceeds from issuance of bonds	–	99,688
Purchases of treasury stock	(45,834)	(21)
Proceeds from sale of treasury stock	26	5
Dividends paid	(53,330)	(49,295)
Other, net	(13)	(164)
Net cash provided by (used in) financing activities	140,789	(89,258)
Effect of exchange rate changes on cash and cash equivalents	(10,702)	726
Net increase (decrease) in cash and cash equivalents	(238,673)	55,063
Cash and cash equivalents, beginning of period	444,334	177,769
Cash and cash equivalents, end of period	205,660	232,833

(4) Note Related to Assumption of Going-Concern

Not applicable.

(5) Segment Information

[Information by Operating Segment]

First nine months of fiscal 2008 (from April 1, 2008 to December 31, 2008)

Information by operating segment has been omitted because the “Pharmaceuticals” segment accounts for over 90% of the total net sales and operating income.

First nine months of fiscal 2009 (from April 1, 2009 to December 31, 2009)

Information by operating segment has been omitted because the “Pharmaceuticals” segment accounts for over 90% of the total net sales and operating income.

[Information by Geographic Segment]

First nine months of fiscal 2008 (from April 1, 2008 to December 31, 2008)

(Millions of yen)

	Japan	North America	Europe	Other	Total	Eliminations & corporate	Consolidated
Net sales							
(1) Outside customers	417,070	141,898	51,663	16,988	627,620	–	627,620
(2) Inter-segment sales and transfers	40,652	36,385	16,343	593	93,974	(93,974)	–
Total	457,722	178,283	68,007	17,581	721,594	(93,974)	627,620
Operating income (loss)	52,207	39,369	1,777	(2,352)	91,002	7,051	98,053

First nine months of fiscal 2009 (from April 1, 2009 to December 31, 2009)

(Millions of yen)

	Japan	North America	Europe	India	Other	Total	Eliminations & corporate	Consolidated
Net sales								
(1) Outside customers	410,248	161,836	71,759	44,822	36,996	725,662	–	725,662
(2) Inter-segment sales and transfers	48,924	33,707	27,031	20,158	1,553	131,376	(131,376)	–
Total	459,172	195,544	98,791	64,980	38,549	857,038	(131,376)	725,662
Operating income (loss)	50,346	39,383	6,167	(1,806)	3,534	97,625	(7,564)	90,061

Notes:

1. Method of classifying geographic segments

Geographic segments are classified on the basis of geographic proximity.

2. Countries and regions included in each segment other than Japan

North America: the United States, Canada

Europe: Germany, the United Kingdom, France, Spain, Italy, Romania and others

India: India

Other: China, Taiwan, Brazil and others

3. Changes in segmentation of countries and regions

Previously, countries and regions were segmented into “Japan,” “North America,” “Europe” and “Other,” forming four segments. However, as our business scale in “India,” which was previously included in “Other,” increased in materiality, “India” has been separately listed from the first quarter period of fiscal 2009 in order to represent operations more properly.

As a result of this change, net sales in the “Other” segment decreased by ¥64,175 million (of which, net sales for outside customers decreased by ¥44,822 million) and operating income therein increased by ¥2,611 million as compared with the previous method.

This change has no effects on the “Japan,” “North America” and “Europe” segments.

[Overseas Sales]

First nine months of fiscal 2008 (from April 1, 2008 to December 31, 2008)

(Millions of yen)

	North America	Europe	Other	Total
I Overseas net sales	164,696	67,642	26,190	258,530
II Consolidated net sales				627,620
III Percentage of overseas net sales to consolidated net sales (%)	26.2	10.8	4.2	41.2

First nine months of fiscal 2009 (from April 1, 2009 to December 31, 2009)

(Millions of yen)

	North America	Europe	Other	Total
I Overseas net sales	180,322	86,068	86,762	353,153
II Consolidated net sales				725,662
III Percentage of overseas net sales to consolidated net sales (%)	24.8	11.9	12.0	48.7

Notes:

1. Method of classifying countries and regions
Countries and regions are classified on the basis of geographic proximity.
2. Countries and regions included in each area
North America: the United States and Canada
Europe: Germany, the United Kingdom, France, Spain, Italy, Romania and others
Other: Asia, the Middle East, Latin America and others
3. Overseas net sales are sales of the Company and its consolidated subsidiaries which were transacted in countries or regions outside of Japan.

(6) Notes on Substantial Changes in the Amount of Shareholders' Equity

Not applicable.